

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO
AMEMBASSY PARIS
INFO USLO PEKING

C O N F I D E N T I A L STATE 071382

USOECN, EXCON

E.O. 11652: XGDS-2

TAGS: ESTC, COCOM

SUBJECT: REPORTED JAPANESE-PRC INTEGRATED CIRCUIT
TRANSACTION

REF: TOKYO 2413

1. JAPANESE EMBASSY CONTACTED DEPARTMENT EARLY IN FEBRUARY
TO INQUIRE ABOUT AN INTEGRATED CIRCUIT (IC) PRODUCTION
FACILITY TO BE SOLD TO HUNGARY. INFORMAL QUERY WAS BASED
ON REQUEST BY MITI. DEPARTMENT ADVISED THAT THERE WAS
NOT A U.S. EXPORT LICENSE CASE PENDING FOR HUNGARY,
ALTHOUGH WE WERE AWARE THAT THE HUNGARIANS WERE SEEKING
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AN IC FACILITY.

2. ON MARCH 16, JAPANESE AGAIN CONTACTED THE DEPARTMENT
AND ASKED FOR DETAILS ON THE SALE BY FAIRCHILD CAMERA OF
AN IC FACILITY TO THE HUNGARIANS IN JUNE 1976. ASKED THE
REASON FOR THIS INQUIRY, WE WERE TOLD IN CONFIDENCE THAT
THE CHINESE HAD ALLEGED TO JAPANESE BUSINESSMEN THAT THE

IC PRODUCTION LINE WHICH THEY ARE SEEKING (WE SURMISE IT IS TO BE TIED TO THE JAPANESE-PRC COLOR TV CONTRACT) WAS THE SAME AS THE U.S. SOLD TO THE HUNGARIANS; ERGO, THERE SHOULD BE NO DIFFICULTY IN THE JAPANESE OBTAINING COCOM CLEARANCE FOR THE SYSTEM. APPARENTLY MITI HAD EXPRESSED SOME CONCERN OVER THE CHINESE STATEMENT AND SOUGHT U.S. CLARIFICATION OF THE PRC ALLEGATION.

3. DEPARTMENT ADVISED JAPANESE THAT ALTHOUGH THE HUNGARIANS HAD ASKED FOR AN IC PRODUCTION FACILITY IN 1976, THE U.S. (AND COCOM) ONLY APPROVED THE SALE OF AN ASSEMBLY, TESTING AND PACKAGING OPERATION FOR BIPOLAR LOGIC CIRCUITS. THESE CIRCUITS, IN THE 7400 SERIES, ARE THEMSELVES NOT SUBJECT TO EXPORT CONTROL, ALTHOUGH THE TECHNOLOGY TO MANUFACTURE THEM IS EMBARGOED. THESE SIMPLE LOGIC CIRCUITS CAN BE USED IN BUSINESS MACHINES AND CALCULATORS--NOT AS TV COMPONENTS. TO THE BEST OF OUR KNOWLEDGE, THE HUNGARIAN SYSTEM HAS NOT BEEN UPGRADED TO AN IC PRODUCTION FACILITY ALTHOUGH THE HUNGARIANS CONTINUE TO SEEK EQUIPMENT FOR THIS PURPOSE.

4. SHOULD EMBASSY TOKYO BE ASKED SIMILAR QUESTIONS, IT SHOULD RESPOND THAT THE U.S. CONSIDERS MANUFACTURE OF DIODES AND THYRISTORS (ESPECIALLY THOSE SUITED FOR TV OR MINIATURE RADIO COMPONENTRY) TO BE LICENSABLE, BUT PRODUCTION TECHNOLOGY AND MOST RELATED EQUIPMENT FOR IC
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PRODUCTION SHOULD REMAIN CONTROLLED. OUR RATIONALE FOR THIS POSITION IS THAT THE BASIC IC TECHNOLOGY APPLIES TO A WHOLE LINE OF SOPHISTICATED IC'S SOME OF WHICH ARE CONSIDERED STRATEGIC, THUS IT IS IN OUR INTEREST TO PROTECT THIS ADVANCED TECHNOLOGY. VANCE

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